

State Legislature passes \$38.2 billion state budget

By RACHEL LA CORTE

Associated Press

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OLYMPIA, Wash. (AP) - The Washington Legislature has approved a \$38.2 billion two-year state operating budget, taking swift action Monday night to avoid a government shutdown.

The House passed the plan on a 90-8 vote just hours after the Senate passed it on a 38-10 vote. The bill now goes to the governor.

"With this budget we've created a strategic compromise that gives us a path forward toward keeping the government running and protecting all of our residents, particularly our most vulnerable," said Rep. Ross Hunter, the House's Democratic budget writer.

The Legislature is in the midst of a third overtime session. The budget must be signed by Gov. Jay Inslee by midnight Tuesday to prevent dozens of state agencies and other offices from closing completely or partially. Thousands of state workers have already received notice that they would be temporarily laid off starting Wednesday if a budget isn't adopted in time.

In a written statement issued immediately after the vote, Inslee said he plans to sign the budget Tuesday afternoon.

He thanked lawmakers for working to find a middle ground, even when that meant some tough sessions and long nights.

"There is much here that will help Washingtonians across the state, Inslee wrote. "It makes a bold statement about what we value."

Full details of the budget were released publicly Monday afternoon, two days after lawmakers announced they had reached an agreement. The bipartisan agreement spends an estimated \$1.3 billion on K-12 basic education, and it phases in tuition cuts at the state's universities, as well as community and technical colleges.

By the end of the second year of the budget, the state will reduce the cost of tuition at the University of Washington and Washington State University by 15 percent, students at the remaining four-year universities will see a 20 percent cut, and tuition at community and technical colleges the state's colleges and universities and community colleges will get a 5 percent cut.

The budget also fully pays for collective bargaining agreements for state employees and raises for teachers, and it puts more money into the state's mental health system and other social service programs.

Republican Sen. Andy Hill, the chamber's key budget writer, lauded the tuition cuts as among the major investments made in education. "It is giving relief for working families. It increases accessibility to higher education. It reduces the debt load that our students are graduating with," he said.

Hill said lawmakers haven't yet decided how to specifically address a voter-approved initiative to reduce class sizes that would cost \$2 billion over the next two years if implemented. "I think everyone has agreed that there's no way we can fund it," he said.

Lawmakers in the Democratic-controlled House and Republican-controlled Senate had struggled for months on the two-year state budget because of differing ideas on how to address a state Supreme Court mandate to put more money into the state's basic education system.

Democrats initially sought a new capital-gains tax, while Republicans insisted that no taxes were needed because of increasing state revenues.

Within the last week of the second 30-day special session, Democrats dropped the new tax idea and instead sought additional revenue through closing or limiting several tax exemptions. In a counter offer, Republicans offered up a few different tax exemptions to be closed. The agreed-upon plan includes more than \$180 million in revenue from the closure of some exemptions, including a preferential business and occupation tax for royalty income, and an increase in penalties for late tax payments to the state Department of Revenue.

Hunter said that, ultimately, while the tax debate will likely come up again in future sessions, lawmakers needed to compromise.

"It was June," he said. "We needed to come to an agreement with the Senate."

With a politically divided Legislature, "it takes longer," Hill said.

"The good news about that is, when you have divided government, everybody has a say in it," he said. "So I believe you have better policy and longer-lasting policy."

Also Monday night, the Senate passed a transportation revenue bill that includes an 11.9 cent incremental increase in the gas tax.